



Update 2013 Integrated Water Management Finance Planning Framework

Session 4 – Consequences of Forgone Future Investment



Prepared for: California Water Plan Plenary

September 13, 2012

Update 2013 Finance Planning Framework

This is a strategic long term planning framework and is NOT intended to change or supplant:

- (1) Ongoing State grant and loan activities
- (2) Specific State programs or projects that are currently being planned or implemented
- (3) Local or regional governance and finance

What is Integrated Water Management (IWM)?

Operational Explanation for Plenary

Multiple Dimensions:

Topics: Flood management, water supply and quality, environmental assets and systems, ...

Institutional: Alignment of all State policies that pertain to the suite of IWM topics

Planning: Transparent and inclusive

Principles: Sustainability and multi-objective solutions

Update 2013 Finance Planning Framework

Water Plan Plenary - September 12 & 13:

- Framework Background and Scope of IWM
- History of Resource Management Funding
- Principles for Investment Priorities and Apportioning Costs
- Cost of Forgone Future Investment
- Future IWM Role of State Government & Criteria for Crafting Recommendations

Update 2013 Finance Planning Framework Content and Flow of Information - Storyboard

1. **Scope and Outcomes**
2. Integrated Water Management Activities
3. **Existing Funding**
4. Funding Sustainability
5. **Future State Roles and Partnerships**
6. Future Costs
7. **Funding Who and How**
8. Trade-offs



Session 4
Topic

August 24, 2012

The last row provides an indication of probability that each respective section of the finance planning framework will be completed for Update 2013, for advancement or completion for Update 2018. The definition of “completed” involves three primary considerations: (1) a method or process is in place for stakeholder involvement, data collection capability, etc); (2) analytical tools required to produce desired trade-offs analysis are in place; (3) some level of decision-making occurs. An operational definition of “completed” is that all three dimensions converge to support findings and recommendations with reasonable levels of uncertainty. Green = Higher Probability for Update 2013; Yellow = Moderate Probability; and Red = Lower Probability.

Chapter 1 – Introduction	Chapter 2 – CA Water Today	Chapter 3 – Imperative to Invest (in Innovation and Infrastructure)	Chapter 4 – State and Federal Companion Plans
<p>Plenary Finance Session 1 <i>Framework Background and Scope of IWM</i></p> <p>Definition and Scope of Integrated Water Management; Finance Planning Framework</p> <p>This section will describe:</p> <ol style="list-style-type: none"> (1) The definition and scope of integrated water management (IWM). (2) How many policymakers and stakeholders have expressed a need for an IWM finance planning effort. (3) How California is expected to face significant challenges surrounding IWM financing due to the near full allocation of existing bond funds, protracted recession, deferred investment, etc. (4) The intended applications of the finance planning framework. <p>IMPORTANT MESSAGE - Emphasis on the value of the storyboard to this and other future IWM finance efforts (as a useful framework for working through the layers of issues and complexities required to get to IWM funding and finance recommendations)</p> <ul style="list-style-type: none"> • A detailed description of the Finance Plan storyboard. • An explanation of the storyboard's development • An illustration of how the finance planning framework reflects the storyboard. 	<p>Plenary Finance Session 2 <i>Follow the Money</i></p> <p>Resource Management Funding History</p> <p>This section will provide a description of historical federal, State, and local IWM investments as context for planning future State IWM investment. It will also include a variety of data and information to provide a full understanding of how current conditions have evolved to be (e.g. debt levels, funding sources, administrative constraints, etc).</p> <p>State, Local and Federal Government IWM Spending Summary</p> <p>This subsection contains a generalized characterization of State IWM spending from fiscal years 2000/2001 through 2011/2012 using the categories developed in storyboard component 2 (e.g innovation and infrastructure). To the extent possible, it will also include similar data for local and federal spending. Contextual messages will be articulated as necessary to help provide a full enough understanding to make informed decisions.</p>	<p>Plenary Finance Session 3 <i>Consequences of little to no future investment</i></p> <p>Cost of Limited or Forgone Investment</p> <p>This section will convey a sense of urgency to implement Update 2013 recommendations. It includes a description of the implications of very limited investment in IWM (e.g. that may not even begin to implement activities that are considered critical or high-priority). Implications or resulting conditions can be expressed in terms of environmental, economic, and social effects of deferred implementation; forgone opportunities or benefits; and other unfavorable consequences.</p>	<p>Existing Finance Strategies</p> <p>This section will provide a narrative regarding the disintegrated, constraining and complex nature of current State IWM financing as observed while synthesizing and integrating companion plans.</p> <p>It will also describe incidental water-related benefits occurring as a twofor from various programs where water management is not the primary objective (e.g. land management, pesticide research, etc).</p>
		<p>Description and Clarification of the Role of State Government in IWM Plenary Finance Session 5</p>	
		Qualitative Only	

Update 2013 Finance Planning Framework Consequences of Forgone Future Investment

Purpose:

Support informed decisions by articulating the trade-offs of little to no future investment from multiple stakeholder perspectives

Update 2013 Finance Planning Framework Consequences of Forgone Future Investment

Framing the Conversation:

- Topic Scope: Costs of not taking an IWM action to the vision of the Water Plan
- Institutional Scale: Federal, State and Local
- Assumption: That the public's willingness to pay for IWM activities drops to near nothing, at any institutional level.

Update 2013 Finance Planning Framework Consequences of Forgone Future Investment

Outlining the Conversation:

Description – Generalized description of risks, impacts and other trade-offs of forgone investment for; (a) flood management; (b) water supply and quality infrastructure; (c) ecosystem assets and processes; and (d) climate change adaptation.

Effects – Develop detailed description of costs of Forgone investment (monetary, risk, quality of life)

Causes – Develop plausible narrative for each of the three categories above describing key drivers of Forgone investment

Update 2013 Finance Planning Framework Flood Example

Description:

“Current levels of flood risk, 7 million people and \$580 billion in assets, will continue to increase”

Group Exercise

- We welcome
 - case studies,
 - examples,
 - references,
 - ideas



Update 2013 Finance Planning Framework Flood Example

NEXT STEPS

Pull together materials that you provided on the worksheets to write Chapter 3: Imperative to Invest.

Reconvene Finance Caucus to vet new content.



Next Finance Session

***Future State Role in Integrated
Water Management
&
Criteria for Crafting Finance
Recommendations***